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**FISCAL IMPACT STATEMENT**

**LS 6091**

**BILL NUMBER:** SB 66

**NOTE PREPARED:** Apr 6, 2011

**BILL AMENDED:** Apr 5, 2011

**SUBJECT:** Utility Matters..

**FIRST AUTHOR:** Sen. Gard

**FIRST SPONSOR:** Rep. Wolkins

**BILL STATUS:** CR Adopted - 2<sup>nd</sup> House

**FUNDS AFFECTED:** X GENERAL  
X DEDICATED  
FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** (Amended) This bill provides that the following qualify as a renewable energy resources for purposes of the statute that provides financial incentives for clean coal and energy projects:

- (1) Low temperature, oxygen starved gasification of municipal solid waste.
- (2) Methane recovered from landfills for the production of electricity.
- (3) Coal bed methane derived from a naturally occurring biogenic process.

The bill provides that a public utility providing water service may petition for a change in its distribution system improvement charge (DSIC) every six months. (Current law provides that a public utility may file a petition not more than once every 12 months.) It also provides that a DSIC may produce DSIC revenues totaling up to 7.5% of a public utility's base revenue level. (Current law limits revenues to 5% of base revenue.) It also requires a public utility to annually reconcile the difference between its DSIC revenues and DSIC costs.

**Effective Date:** July 1, 2011.

**Explanation of State Expenditures:** (Revised) *Indiana Utility Regulatory Commission (IURC)*: This bill will increase administrative expenditures of the IURC by requiring the IURC to evaluate applications to determine eligibility for financial incentives. The bill also allows a public water utility to petition for a change in its DSIC every six months instead of every twelve months as in current statute. It is estimated that the IURC will be able implement these provisions with its existing level of resources.

(Revised) *State and Local Government Utility Expenditures*: This bill could increase expenditures by state and local governments for utilities. It is estimated that the amendment to the definition of renewable energy

resources will increase the number of utilities that are eligible for the incentives provided for implementing that type of technology, and therefore allow more utilities to adjust rates to recover costs for such technology. It is also estimated that the provision allowing public water utilities to produce DSIC revenues totaling up to 7.5% of a public utility's base revenue level could increase water utility rates.

**Explanation of State Revenues:** *Utility Rate Increases:* To the extent that this bill increases utility rates, there could be an increase in Utility Receipts Tax (URT), Utility Services Use Tax (USUT), and Sales Tax collections. The amount of any increase is indeterminable and will ultimately depend on rate adjustments allowed by the IURC for cost recovery.

**Explanation of Local Expenditures:** See *Explanation of State Expenditures*.

**Explanation of Local Revenues:**

**State Agencies Affected:** IURC; All.

**Local Agencies Affected:** All.

**Information Sources:**

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